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processing said payment request for delivery of a payment associated therewith.

2. A method as in claim 1 wherein said transaction comprises an auction.
3. A method as in claim 1 wherein said risk management assessment is performed on the basis of credit and authentication information derived at least in part from customer information received with said payment request.
4. A method as in claim 3 wherein said customer information comprises credit card account information.
5. A method as in claim 4 wherein said customer information further comprises bank account information.
6. A method as in claim 3 wherein said customer information comprises bank account information.
7. A method as in claim 6 wherein said bank account information comprises checking account information.
8. A method as in claim 3 wherein said risk management assessment is performed on the basis of credit information obtained at least in part from a third party that is not directly associated with said transaction.
9. A method as in claim 8 wherein said third party is a credit card issuing agency or credit bureau.
10. A method as in claim 8 wherein said third party is a bank.
11. A method as in claim 8 wherein said third party is an electronic check acceptance and/or guarantee service provider.
12. A method as in claim 3 wherein said risk management assessment includes an automated component and a non-automated component.
13. A method as in claim 3 wherein said automated component of said risk management assessment relies, at least in part, on risk assessment scoring provided by a third party that is not directly associated with the transaction.
14. A method as in claim 1 wherein said payment request includes customer information received in response to one or more solicitations therefor.
15. A method as in claim 14 wherein said customer information includes buyer and seller information.

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16. A method as in claim 15 wherein said buyer and seller information includes e-mail addresses for one or more parties to said transaction.
17. A method as in claim 14 wherein said one or more solicitations are presented as Web forms to be completed by at least one party to said transaction.
18. A method as in claim 1 wherein said payment request includes credit and authentication information for said first party to said transaction.
19. A method as in claim 18 wherein said credit and authentication information includes credit card account information and/or bank account information.
20. A method as in claim 19 wherein said credit and authentication information is received in response to one or more solicitations therefor.
21. A method as in claim 20 wherein said solicitations are presented as Web forms for completion by said first party to said transaction.
22. A method as in claim 1 wherein processing said payment request comprises:  
submitting a payment authorization request; and  
upon receiving a settlement indication regarding said payment authorization request, transmitting said payment.
23. A method as in claim 22 wherein said payment is transmitted as a check.
24. A method as in claim 22 wherein said payment is transmitted as a money order.
25. A method as in claim 22 wherein said payment is transmitted as an instruction to have funds automatically deposited in an account.
26. A method as in claim 25 wherein said account is identified by at least one of the parties to said transaction prior to said transaction.
27. A method as in claim 25 wherein said account is identified as part of said payment request.
28. A method as in claim 22 wherein said payment authorization request is submitted to a check acceptance and/or guarantee service provider.
29. (Amended) A method as in claim 22 wherein said payment authorization request is submitted to a third party not directly associated with said transaction.
30. A method as in claim 22 wherein said settlement indication comprises funds to satisfy said payment authorization request.
31. An electronic transaction system, comprising:

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a user interface configured to receive, via the Internet, a payment request from a first party to a two-sided transaction; and

a risk management assessment system configured to (1) perform a risk assessment of parties on each side of said transaction, and (2) decline said payment request if the risk assessment produces an adverse indication, or process said payment request for delivery of a payment associated therewith where no such adverse indication is produced.

32. A system as in claim 31 wherein said risk management assessment system is configured to perform said risk management assessment on the basis of credit and authentication information provided via said user interface.

33. A system as in claim 32 wherein said credit and authentication information comprises credit card account information.

34. A system as in claim 32 wherein said credit information comprises bank account information.

35. A system as in claim 34 wherein said bank account information comprises checking account information.

36. A system as in claim 32 wherein said risk management assessment system is configured to utilize risk assessment scoring provided by a third party that is not directly associated with the transaction.

37. A system as in claim 31 wherein said user interface is configured to solicit customer information from a party to said transaction.

38. A system as in claim 37 wherein said customer information includes buyer and seller information.

39. A system as in claim 38 wherein said buyer and seller information includes e-mail addresses for one or more parties to said transaction.

40. A system as in claim 37 wherein one or more solicitations are presented by said user interface as Web forms to be completed by at least one party to said transaction.

41. A system as in claim 31 wherein said electronic transaction system is configured to process said payment request by submitting a payment authorization request and, upon receiving a settlement indication regarding said payment authorization request, transmitting said payment.

42. A system as in claim 41 wherein said payment is transmitted as a check.

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43. A system as in claim 41 wherein said payment is transmitted as a money order.
44. A system as in claim 41 wherein said payment is transmitted as an instruction to have funds automatically deposited in an account.
45. (New) A system as in claim 31 wherein the transaction comprises a sale from a seller to a buyer and wherein the risk management assessment system is configured to perform a risk assessment of the seller.
46. (New) A system as in claim 45 wherein the risk management assessment system is configured to perform a risk assessment of the buyer.
47. (New) A system as in claim 45 wherein the first party is the seller.
48. (New) A system as in claim 45 wherein the first party is the buyer.
49. (New) A system as in claim 45 wherein the sale is an auction sale.
50. (New) A system as in claim 31 wherein the transaction comprises a payment from a payer to a payee and wherein the risk management assessment system is configured to perform a risk assessment of the payee.
51. (New) A method as in claim 1 wherein the transaction comprises a sale from a seller to a buyer and wherein the risk management assessment is performed of the seller.
52. (New) A method as in claim 51 wherein the sale is an auction sale.
53. (New) A method as in claim 1 wherein the transaction comprises a payment from a payer to a payee and wherein the risk management assessment is performed of the payee.
54. (New) A method as in claim 53 wherein the first party is the payee.
55. (New) A method as in claim 53 wherein the first party is the payer.

#### REMARKS

Applicants would like to bring to the Examiner's attention that a Fourth Information Disclosure Statement and a set of Formal Drawings are being filed herewith.

Applicants would also like to bring to the Examiner's attention that a reference, Boston (US 4,734,564), was cited by the Examiner in the Office Action, but this reference was not listed on any PTO-892 form by the Examiner and was not submitted by Applicants. Applicants kindly request that the Examiner list this reference on a PTO-892 to ensure its inclusion in the list of considered references upon issue.

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In the Office Action, Claims 1, 3-10, 12-27, 29-41, 43 and 44 were rejected under 35 U.S.C. 103(a) as being unpatentable over Stein et al (US 5,826,241) in view of Boston (US 4,734,564). Claim 2 was rejected under 35 U.S.C. 103(a) as being unpatentable over Stein as modified by Boston and further in view of Huberman (US 5,826,244). Claims 11, 28 and 42 were rejected under 35 U.S.C. 103(a) as being unpatentable over Stein as modified by Boston and further in view of Deming (US 4,823,264).

Claims 1-55 are pending in the application. Claim 29 has been amended to correct a typographical error and new Dependent Claims 45-55 have been added.

#### February 19 Phone Interview

Subsequent to the December 21, 2001 Office Action, Applicants requested a phone interview with Examiner Felten, which was held on February 19, 2002. Applicants would like to thank Examiner Felten for the courtesy extended in the phone interview.

During the phone interview, Applicants pointed out that in the Office Action, the Examiner did not address the limitations "on each side of said transaction" with respect to independent Claims 1 and 31. Applicants also noted that none of the references relied upon by the Examiner disclose performing a risk management assessment for parties on each side of a two-sided transaction.

Examiner Felten mailed an Interview Summary on February 25, 2002. Applicants note that in the Interview Summary, Examiner Felten indicated:

"A clarification by Franco was made about the second element of claim 1 wherein the language 'Performing risk management assessments for parties on each side of transaction...' includes an [sic] risk management assessment on the seller's side of the transaction."

Applicants note that in the interview, performing a risk management assessment of a seller, in addition to a buyer, was only one example presented to illustrate the limitations of performing a risk management assessment for parties on each side of a two-sided transaction. Another example that was presented to illustrate these limitations was performing a risk management assessment of a payee, in addition to a payer.

As discussed in the interview, a payer (e.g. a buyer) in a transaction can benefit from a risk management assessment of a payee (e.g. a seller). In on-line auctions, for example, a risk assessment of a seller may identify the seller as having a history of fraudulent transactions.

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Accordingly, buyers in such auctions, who may know very little about the sellers, can be protected from potentially fraudulent transactions.

#### Discussion of the Cited Art

Stein discloses a payment system for enabling a first Internet user to make a payment to a second Internet user, typically for the purchase of an information product deliverable over the Internet. Stein does not disclose performing a risk management assessment.

Boston discloses incorporating risk assessment data in transaction cards, such as in the magnetic stripes of credit cards. The risk assessment data can be a multiplier for a transaction dollar limit above which additional authorization must be obtained. Typically, when a credit card holder attempts a transaction, the participating merchant uses the holder's credit card number to obtain an authorization for the transaction from an issuing bank. By incorporating risk assessment data into a card, the merchant can make a risk assessment determination "off-line" without obtaining prior approval for the transaction from the card issuer. If the "off-line" assessment falls beyond certain limits (e.g., a maximum dollar amount), a normal authorization can be sought from the card issuer. Boston is applicable primarily in the case of small dollar amount transactions, where it may not be worth the overhead of obtaining prior approval from a card issuer. Although Boston appears to disclose performing a risk assessment of the cardholder or purchaser, Boston does not disclose performing any risk assessment of the merchant.

Deming discloses an electronic funds transfer system that assures that funds to be electronically transferred are actually present before attempting a transfer. Deming does not disclose performing a risk management assessment. In Deming, by assuring or guaranteeing that funds are available to cover a transaction, all risk is avoided. Accordingly, the system of Deming does not have any need to perform and does not disclose performing a risk management assessment.

Huberman discloses a system and method for the auctioning of document services. Huberman does not disclose effecting funds transfers between parties or performing a risk management assessment.

#### Response to Rejections

Applicants will treat all of the cited references as prior art for purposes of responding to the outstanding Office Action, but reserve the right to swear behind one or more references at a later date. By focusing on specific references, claims and limitations, Applicants do not intend to

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imply an agreement with the Examiner's assertions with respect to other references, claims, and limitations.

**As to Independent Claims 1 and 31**

Independent Claim 1 requires "performing risk management assessments for parties on each side of said transaction." Independent Claim 31 requires "a risk management assessment system configured to (1) perform a risk assessment of parties on each side of said transaction."

With respect to Claims 1 and 31, none of the cited references discloses performing a risk management assessment for parties on each side of a two-sided transaction. Applicants, therefore, respectfully request that the rejection of Claims 1 and 31 be withdrawn.

**As to the Dependent Claims**

The Dependent Claims depend upon the Independent Claims discussed above and for at least the reasons set forth above, the Examiner's rejection of these claims should be withdrawn.

New Dependent Claims 45-55 recite additional patentable distinctions over the cited art. For example, Claim 45 recites "wherein the risk management assessment system is configured to perform a risk assessment of the seller" and Claim 53 recites "wherein the risk management assessment is performed of the payee."

**CONCLUSION**

In view of the foregoing remarks, Applicant submits that the application is in condition for allowance. If, however, issues remain which can potentially be resolved by telephone, the Examiner is invited to call the undersigned attorney of record at his direct dial number of (949) 721-6377.

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Please charge any additional fees, including any fees for additional extension of time, or credit overpayment to Deposit Account No. 11-1410.

Respectfully submitted,

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Dated: 3/21/02

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